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Foreign Agriculture

Marketing News

Forest Industry Hosts Chinese Team

The **National Forest Products Association (NFPA)** and the **American Plywood Association**, along with five paper companies, recently hosted a team of engineers from China's Ministry of Forestry. The team was headed by Lin Longzhou, Deputy Director of Planning.

The team was in the United States to learn about U.S. wood, panel production, utilization, lamination of wood panels and the sale of both plywood and non-veneer panels. In Washington, D.C., the team visited USDA's **Forest Service, Foreign Agricultural Service** and the NFPA's headquarters. It also visited various waferboard and plywood plants, as well as the Forest Service's Forest Products Laboratory in Wisconsin and the North Central Experiment Station in Minnesota.

U.S. Steaks Promoted at German Tennis Tournament

More than 150 U.S. steaks a day were sold at a special U.S. beef stand sponsored by the **U.S. Meat Export Federation (MEF)** at the Fila Tennis Tournament in Berlin. The steaks were prepared on a charcoal grill set up on one of the tennis courts. More than 30,000 people visited the seven-day tournament, including several restaurant and food retail people who have since placed orders for U.S. beef with their local meat importers.

Japanese Supermarket Managers Meet With U.S. Industry Reps

MEF/Tokyo's marketing specialist Susuma Harada accompanied meat department managers from five major supermarkets in Japan on a visit to MEF-member meat packing plants in the United States last fall. The visit was cosponsored by the MEF and the Japan Chain Stores Association.

"Because Japanese supermarket chains are purchasing more products directly from U.S. suppliers, MEF brought this team to the United States to meet with U.S. exporters and to see the types of products exporters have to offer," MEF Asian Director Phil Seng said.

MEF also coordinated visits to member meat plants for Japanese trade teams representing the Sho-Gyo-Kai Publishing Company (restaurant owners) and the Tokyo Meat Wholesalers.

First Baking Program Held In Soviet Union

U.S. Wheat Associates (USW) recently completed a promotional baking activity in the Soviet Union. Experts from the American Institute of Baking presented a two-day overview of the U.S. baking industry to about 50 Soviet specialists from various research and development institutes, individual bakeries, equipment importing organizations and the milling industry.

For USW, the seminar represented the first opportunity to meet with a group of Soviet endusers of U.S. wheat. Although USW has previously conducted activities with the Soviet Union, they focused on decisionmakers, at Soviet officials' requests.

"Most likely the Soviet decision to support the seminar reflects a broader policy decision to encourage technical cooperation with U.S. organizations, as other similar projects proposed by other U.S. agricultural organizations were approved at the same time," according to USW President Winston Wilson.

The program consisted of a one-day presentation by the American Institute of Baking on U.S. baking technology and processes, followed by a second-day review of equipment in use in U.S. bakeries. The Soviet specialists expressed considerable interest in both presentations. Based on their requests, USW plans to develop additional program proposals for future consideration. The next is likely to be in flour milling or pasta production.

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Managing Editor
Lynn K. Goldsbrough
(202) 382-9442

Design Director
Vincent Hughes

Writers
David Garten
Edwin N. Moffett
Maureen Quinn
Aubrey C. Robinson
Geraldine Schumacher

Associate Designer
Sylvia Duerkson

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West Germany Remains Strong Port for U.S. Farm Goods

By Richard L. Barnes

West Germany is the world's largest importer of agricultural products. In 1984, agricultural imports from all sources totaled $21.1 billion. In local currency, 1984 imports were 9 percent above 1983 levels.

West Germans rank among the wealthiest consumers in the world, at about $10,000 per capita. Shoppers are prepared to spend more money for foods—and not just for essentials. There is a growing taste for delicatessen items and new-to-market foods, many coming from foreign countries.

Apart from a high rate of unemployment in West Germany, economic prospects are bright. Indications are for an increasing number of jobs and rising disposable incomes.

Overproduction Cuts Into U.S. Exports

West Germany's small arable land surface has its southernmost border on roughly the same latitude as Duluth, Minn. Despite its northerly position, the country has made impressive advances in its own food production during the last several years. Farmers and policymakers alike are beginning to worry more about how to dispose of surplus production in future years than about seeking self-sufficiency—a preoccupation of the post World War II years.

West Germany already produces more dairy products, beef and sugar than it can consume domestically; and it borders on self-sufficiency in most food and feed grains.

Ever-increasing production has been stimulated in part by the European Community's (EC) Common Agricultural Policy. Even in the face of rising output, farmers have responded to higher support prices by producing more.

As production in Germany and in other EC countries rose, the EC responded by rigorously enforcing policies designed to increasingly restrict third-country imports.

The United States, which has played a particularly important role in supplying West Germany's huge import requirements, has felt the brunt of these policies and other influences that have hurt the U.S. market. Increased import restrictions, combined with other factors, forced a decline in German imports of U.S. agricultural products from their peak of $2.9 billion in 1980 to $1.74 billion in 1984.

Imports of U.S. Grains Have Dwindled

Only six years ago, the United States supplied 1.8 million tons of corn to West Germany. As local and EC grains and other feed sources expanded, U.S. shipments dwindled to only 779,000 tons in 1983, and to 594,000 tons in 1984.

U.S. corn exports recently have been almost exclusively for starch production. When the 1985 figures are tallied, corn exports to West Germany are expected to suffer another sharp drop as the starch industry uses more EC-grown grains to meet its needs.

U.S. wheat exports have suffered the same fate over recent years. Rising EC production and corresponding measures to make third-country wheat less competitive have forced total non-EC West German wheat imports down to a mere 151,000 tons in 1984 (including durum and 93,000 tons imported from the German Democratic Republic).

Only six years ago, West Germany imported 520,000 tons of wheat from third countries. The United States supplied only 55,000 tons in the 1984/85 marketing year compared with 391,000 tons in the earlier period. This is the lowest amount since 1960.

While the EC raised feed grain support prices to excessive levels, West German farmers used more of other feedstuffs from outside sources. Tapioca from third countries—bound at low duty and combined with duty-free oilseed meal and other nongrain feeds such as corn gluten and beverage byproducts—were found to provide valuable ingredients for balanced rations. Farmers and consumers alike have benefited from the liberal access to the world market.

Until recently, rising livestock and poultry product output resulted in expanded use of higher protein-containing ingredients. The end effect was that West Germany's total import bill remained steady despite reduced grain imports.

However, the EC's own rising production of sunflowerseed and rapeseed, along with the imposition of the EC dairy quota and the attendant 7.7-percent reduction in West Germany's fluid milk production, plus several other factors, led to a sharp drop in oilseed and product and nongrain feed imports in 1984. Combined 1984 imports of those products were down about a tenth from the 15.7 million tons imported in 1983.

In addition, an explosion in one of West Germany's 10 soybean processing plants caused a reduction in imports and crushings in 1983-84.

In 1984, imports of oilseeds and products from the United States dipped to $794 million, down 24 percent from the previous year, and down about 46 percent from their peak in 1980.

The U.S. share of this market plummeted from its traditional level of over 85 percent to 68 percent last year. Traditionally, oilseeds and products have amounted to more than half of West Germany's total agricultural imports from the United States.

Nongrain feed imports, the second largest U.S. export to Germany, increased to $282 million in 1983 before falling to $263 million in 1984.

Export Prospects Show Promise

Despite the sharp drop in West Germany's imports of U.S. agricultural products over the past years, it remains one of the larger customers for U.S. farm goods, taking over $1.7 billion in 1984. And the outlook for the future shows promise of improvement with a lower valued dollar. With increasing competitiveness, the United States should be able to recover some of the lion's share of the soybean market it enjoyed up to 1983.

Now that West German dairy farmers have reduced production to comply with the EC-mandated marketing quotas, the future for U.S. shipments of corn gluten feed and other nongrain feed ingredients should be brighter. As with oilseeds, a more favorable exchange rate should result in an upswing in the demand for such products from the United States.

Barriers Don't Affect Some Products

Besides animal feed ingredients, there are many products which cannot be grown in adequate quantities in the EC, and as such, have not experienced the severely restrictive trade barriers imposed by the Community. The United States has done very well in supplying West Germany with these items—despite the inflated dollar.

West Germany's third largest agricultural import from the United States is tobacco, taking over one-third of its total tobacco requirements from U.S. sources.

U.S. cotton shipments to West Germany have averaged well over 50,000 tons annually over the past several years. Producers have held their own on the German market despite the high dollar and intense competition from other suppliers.

The United States has traditionally been West Germany's largest supplier of tree nuts, with over 60 percent of the market. Recognizing the importance of West Germany as a market with significant potential, U.S. pecan producers recently initiated an intensive campaign to increase sales.

The U.S. peanut industry, too, has intensified activities in cooperation with a group of major West German companies. One- and two-pound packages of roasted in-shell Virginias identified as of U.S. origin are visibly gaining in West German food stores this season. The value of U.S. peanuts sold here in 1985 should reach about $20 million, and the outlook is for further expansion.

Recognizing the potential for increasing the total market and market share for raisins, the U.S. industry intensified its market development program starting in 1984. Since the beginning of the campaign, demand for U.S. raisins has surged, and exports have increased accordingly.

Given the strong consumer purchasing power and the adaptability of the German palate, the opportunity to introduce new products into the country is immense.

A short trip through any of the country's major food store chains demonstrates a vast range of food and beverage items. With adequate market research and intensive follow-up promotional activities, the opportunity to increase exports of U.S. high-value items is considered to be very bright.

Germany a Formidable Exporter

Rising surplus production has brought on an attendant increase in West Germany's agricultural exports. Food, feed and beverage exports jumped 45 percent from 1980 to $10 billion in 1984, making West Germany the world's fourth largest exporter of agricultural products.

While the largest share of U.S. agricultural shipments to West Germany is bulk, Germany's exports consist primarily of processed, high-valued items.

Dairy products are by far the largest category, comprising almost a fifth of the export total. Meats and sausage,

oilseeds and products (mainly of vegetable fats and protein meals from imported raw materials), coffee and tea and tobacco products each account for roughly a tenth of total shipments. Other big groups, primarily originating from domestic crops, are wine and beer, grains and flour, fruit and vegetables.

West Germany's largest agricultural customers are its neighboring EC trading partners. Two-thirds of the country's total shipments go to these countries, where producer prices and other policies affecting the agricultural industry are similar. Italy, France and the Netherlands are the major customers.

West German exports to the United States have more than doubled since 1980 to $456 million in 1984. Largest among all groups are beer and wine, which accounted for one-third of exports. Roasted coffee ranks third, followed by fruit and vegetable preparations and cheese. The United States takes 4-5 percent of Germany's total agricultural exports.

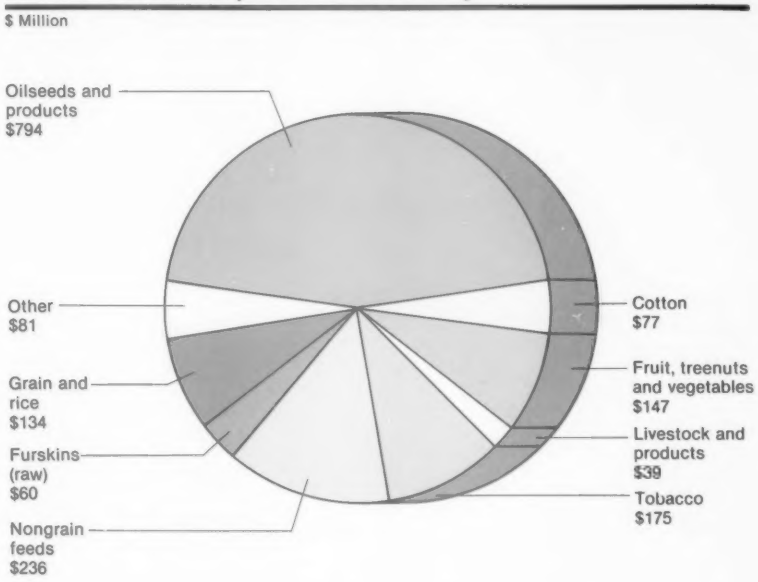
West Germany's success in exporting to third countries is due in part to various forms of financial support provided by the EC. Grains and beef carcasses, for example, enjoy massive export subsidies. Higher value, processed products also receive assistance.

This help can take the form of outright EC export subsidies or production subsidies to compensate for the higher input costs.

The West German food processing industry also has been extremely successful in competing on the world market where it has not been subjected to artificially high input prices. These export items include tropical products, coffee and cocoa products, which are imported for further processing and eventual re-export. ■

The author is the U.S. agricultural counselor in Bonn, West Germany.

In 1984, Oilseeds and Products Accounted for Nearly Half of the $1.7 Billion in U.S. Farm Exports to West Germany.



Hamburg Trade Office Uses Innovative Marketing To Boost U.S. Food Sales

By Hilton P. Settle

To help meet fierce competition and bolster export sales of U.S. food and agricultural commodities to West Germany, the U.S. agricultural trade office in Hamburg is involved in a wide range of marketing activities.

The Hamburg trade office, opened in the fall of 1979, was one of the first such offices opened under the Agricultural Trade Act of 1978. The selection of Hamburg was a natural choice, given the city's importance in world trade. Hamburg is one of the world's busiest ports and the base for a large concentration of the West German import and retail trade.

Because of the magnitude of Germany's food and agricultural imports, the sophistication of its importers and the complexity of its distribution and retail system, the West German market is an extremely competitive and tough one.

Many countries commit a large amount of resources and money to promoting sales of their products here. For instance, the French promotional agency, SOPEXA, has a staff of 13 and a budget of approximately $6 million to further sales of its food and agricultural products in West Germany.

Trade Office Works With Cooperators

The trade office works closely on market development projects with 38 U.S. cooperator groups involved in promotional activities in the West German market.

Four of these, the American Plywood Association, the National Forest Products Association, the U.S. Meat Export Federation, and the USA Poultry and Egg Export Council, are located in the Hamburg trade office. The American Soybean Association is located nearby.

Throughout the year, the trade office joins forces with these and other cooperator groups to promote U.S. food and agricultural products through "American Week" promotions and joint advertising activities.

The trade office also helps U.S. business groups seeking information and guidance on potential importers and other pertinent market information through written correspondence, personal visits or telephone contacts.

Help also is given to the West German trade seeking products from U.S. exporters. On average, the trade office handles anywhere from 200 to 300 trade inquiries and 40 personal visits by traders each month. In addition, a total of 33 trade teams visited the trade office in calendar 1984.

Activities Expanded Through AIMS

The trade office has stepped up its activities to increase West German trade awareness and use of the various services offered by the Agricultural Information and Market Services (AIMS). Direct mail campaigns and advertisements in leading trade journals have increased the number of trade leads from West German importers.

In fact, the Hamburg trade office is one of the top overseas posts in the number of trade leads generated, which totaled more than 200 in 1985. These are conveyed to USDA's Washington office via a computer/telecommunications link. The trade office also will be used as a pilot post to disseminate AIMS' new "Buyer Alert" system for U.S. exporters via a computer/telex link to ensure easy and quick delivery to potential importers.

'Market Guides' Point Way to Sales

The Hamburg office has developed and helped pioneer "market guides" to alert U.S. exporting companies of potential sales opportunities for a variety of products.

These short, concise guides contain pertinent information for a specific commodity, or group of commodities, on the general market and import situation, applicable duties and a list of potential importers.

Market guides prepared thus far cover pecans, pistachios, chanterelle mushrooms, wine, frozen blueberries, aquaculture products and prepared soups. Additional market guides are planned for the future as sales opportunities arise and resources permit. Export companies interested in obtaining market guides should contact the trade office directly.

Trade Fairs Draw Crowds

West Germany is renowned for its trade fairs, both consumer and trade-oriented. About 300 such events occur each year. Many are recognized as the largest fairs of their kind in the world. The trade office works with U.S. industry groups and individual companies interested in participating in these fairs.

The trade office is directly responsible for organizing the U.S. food exhibit at ANUGA, the world's largest food trade fair, which is held every two years in Cologne.

The U.S. food exhibit at the 1985 show was comprised of about 136 private companies, cooperator and regional agricultural trade groups and state departments of agriculture displaying approximately 2,000 quality U.S. food and related products.

Over the past few years, the Hamburg trade office also has organized U.S. food exhibits at major West German consumer fairs, resulting in greater consumer awareness and increased sales of many high-quality U.S. food and beverage items.

Promotions Aim at Consumers

Promotions directed at consumers are an example of additional measures the trade office has initiated recently to boost awareness and sales of U.S. food and beverage products on the West German market.

A survey of journalists, consumers and restaurant owners has demonstrated that many Germans are unaware of the great variety of high-quality foods available from the United States.

In some cases, there even exists a negative perception that Americans only produce and consume fast foods. To counteract this, the trade office has become more involved in such activities as retail promotional events and consumer press advertising directed at the ultimate decisionmaker—the consumer.

An example of the trade office's new consumer promotion emphasis is an information and recipe press kit developed for U.S. Mexican-style foods on the West German market. This generic information kit describes the various foods available and how to prepare them at home.

The kit was distributed to almost 700 influential consumer and trade press contacts to promote sales of these relatively new products from the U.S. Southwest.

Some examples of commodities featured in recent retail promotions illustrate the types of activities planned for the near future:

Pecans. Although pecan pie is familiar to U.S. consumers, pecans are relatively unknown in West Germany. In order to increase consumer awareness and sales of U.S. pecans in Germany, the trade office worked with a large importer/distributor in holding retail promotions.

More than a million product leaflets containing photos and information on pecans along with retail packs of in-shell pecans were distributed to over 100 retail organizations having between 3,000 and 4,000 outlets throughout West Germany.

Both the leaflets and retail packs prominently featured the pecans as being from the United States. As a result, the West German company was able to increase its sales of pecans fivefold. This dramatic increase was achieved despite the high dollar/mark exchange rate, which made 1984 pecan prices much higher than was the case a year earlier.

Wines. The trade office has worked with a West German importer/distributor of California wines to hold promotional activities at both the retail and restaurant levels.

Activities such as advertising and attractive point-of-sale materials led to marked sales increases at 1,200 retail outlets and in selected restaurants, many of which added these wines to their permanent list of selections.

In addition, the West German company advertised in a mail-order catalog, which led to new customers and sales of California wines despite the unfavorable dollar/mark exchange rate.

Fresh fruits and vegetables. Currently, the trade office is working with the largest European importer/distributor of fresh fruits and vegetables in staging promotions for U.S. produce in about 800 retail outlets. These are taking place during the 1985/86 winter season when tariffs on U.S. fresh fruits and vegetables are reduced from normally high levels.

Trade advertising, direct mail campaigns to retail buyers and in-store promotions cover about 20 U.S. fruits and vegetables ranging from papayas, cherries and plums to carrots, celery and bell peppers.

Popcorn. West Germany is a good market for U.S popcorn, but mainly for the institutional sector. The trade office, in conjunction with a West German importer/distributor, is holding retail promotions for U.S. popcorn during the first quarter of 1986. A consumer brochure is part of a special retail display to increase consumer awareness of popcorn and to describe how to prepare it at home.

More Promotions on Drawing Board

This year, the trade office is planning a number of large retail promotions for a wide variety of U.S. food and drink products. The first such promotion in many years is scheduled during January 20-February 1 with a retail food organization that has 93 outlets in Berlin. This event will run concurrently with the large Green Week consumer fair and the U.S. exhibit there.

Many competitor countries organize such promotions on a regular basis with great success. For instance, a promotion for Hungarian food products was held in 83 West German retail outlets. The reported cost of $83,000 gives an idea of the seriousness and resources employed by competitor countries to bolster sales of their products in West Germany. The promotion ran for two and a half weeks and sales of approximately $1 million were reported.

Logos Increase Consumer Awareness

For retail and restaurant promotions, the trade office uses the "USA Quality Foods" logo as much as possible to identify products as being of U.S. origin.

Another logo, "Eat and Drink American—50 Culinary Stars of a Great Country," was unveiled at the recent ANUGA show. This logo will be used to help spearhead activities such as "American Weeks" at restaurants, and in consumer and trade press advertising. ■

The author is the U.S. agricultural trade officer in Hamburg, West Germany.

How To Get Started In Exporting to Germany

U.S. companies interested in exporting to West Germany are encouraged to contact the U.S. agricultural trade office in Hamburg for assistance.

Good opportunities exist for companies that make a serious, long-term commitment to exporting. Companies are urged to obtain copies of the "Guide to Selected Food Law Requirements—Federal Republic of Germany" from the FAS Export Programs Division by calling (202) 447-4327.

This guide contains translations of pertinent regulations regarding West German food law requirements, which differ from U.S. standards on additives, coloring agents, package sizes and labeling. Additional assistance can also be obtained from the FAS Label Clearance Program at (202) 447-3031.

After preliminary contact has been made with the trade office and the needed information is obtained to ensure that a product can be exported to this market, U.S. export companies should contact prospective importers from lists provided by the trade office.

The next step may also call for a private business trip, usually lasting from three to five working days, to meet with selected buyers as part of the overall export and marketing strategy. The trade office can also help company representatives during these visits if enough notice is given prior to arrival.

For more information and assistance on doing business in West Germany, contact the U.S. Agricultural Trade Office, c/o American Consulate General, APO New York 09215-0002; telephone: (040) 34 12 07; telex 2163970 ATO D. The international mailing address is Grosse Theaterstrasse 42, D-2000 Hamburg 36, West Germany.

ANUGA Gives U.S. Firms Exposure in German Market

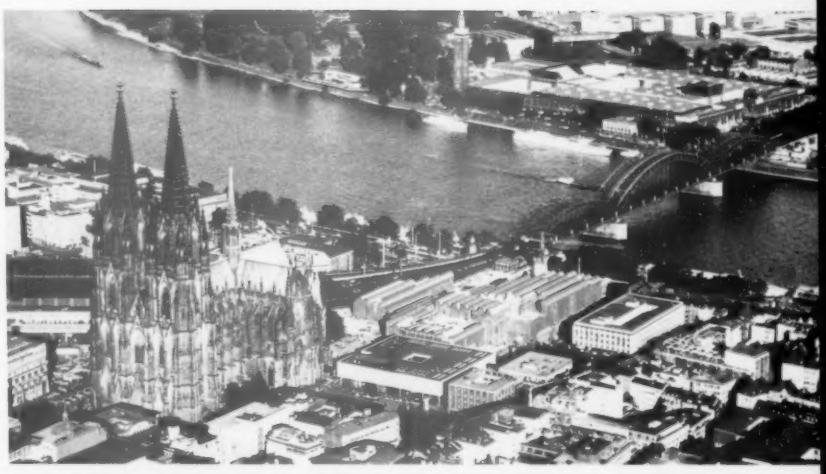
By Lynn K. Goldsbrough

The history of trade shows goes back to the Middle Ages when tradespeople met in Leipzig, Rome and Paris every year to buy and sell their wares. Today, the tradition of trade fairs is still a strong one, particularly in Europe, where every year hundreds of trade exhibits take place for items such as furniture, pharmaceuticals, stamps, toys and food.

For a food exporter, one trade show that should be a must is ANUGA, the world's largest food exhibit that takes place in Cologne, West Germany, every two years.

The value of a trade exhibit such as ANUGA to a U.S. company, whether established or new-to-market, can be seen in the sales results and projections of the 136 companies that participated in ANUGA 1985.

According to Hilton Settle, U.S. agricultural trade officer in Hamburg and manager of the U.S. exhibit at ANUGA 1985, the show produced almost $256 million in sales for U.S. agricultural products ($83 million during the show and $173 million in projected sales over the succeeding 12 months).



ANUGA Key To Value-Added Sales

"We continue to look at ANUGA as one of the prime vehicles for promoting U.S. food products, particularly value-added items," said Richard L. Barnes, U.S. agricultural counselor in Bonn.

The 2,000 U.S. products displayed at ANUGA ranged from homemade chocolate chunk cookies, chocolate covered pecans, toasted corn snacks, raisins, wild rice and kiwi-flavored popcorn to prime steaks, raspberries, orange juice and turkey breast.

Over 198,000 visitors passed through the six-day exhibit in October, where 76 countries had national pavilions.

ANUGA Gives Worldwide Exposure

One of the key advantages of ANUGA is that it gives a company exposure not just to importers from Germany, which is one of the largest importers in the world, but to buyers from other countries around the globe.

Uwe Schmoock, area director for the USA Poultry and Egg Export Council in Hamburg, who was representing the U.S. poultry industry at ANUGA, reported that within a short time, he had met with 30 important trade contacts at ANUGA, including sheiks from Kuwait.

A Good Way To Introduce Products

For Robert Toberman, marketing director for the New Mexico Department of Agriculture, ANUGA was a good place to introduce the products he was representing, such as natural sodas, pecans in various sizes (whole, pieces and ground) and flavors (praline and chocolate coated), and herbal teas developed by Sioux and Apache Indians.

Although pecans are common to U.S. consumers, they are virtually unknown in Europe. Toberman and representatives of the U.S. Pecan

Marketing Council found ANUGA the perfect way to introduce them to the trade and to consumers.

That was also the reason James Weisser of the Food Development and Trading Company of Connecticut was at ANUGA. With European emphasis on the new and different in culinary items, he was hoping his spiced cranberry and chive blossom vinegar would appeal to European buyers.

Since the early 1880s, when Pennsylvania Dutch settlers in Lebanon County, Pa., developed recipes for the savory beef sausage known as Lebanon bologna, it has been popular with U.S. consumers. But Hugh Miller of the Daniel Weaver Company in Lebanon was making the company's first effort in the overseas market at ANUGA.

He found consumer reaction to the firm's Lebanon bologna, as well as to its sweet bologna and wood-smoked dried beef, to be more than he expected. "The response to our products has been excellent and we're very pleased," said Miller. "We've had a lot of interest from a variety of countries," he said, "but particularly the Middle East because our product is made of beef and not pork.

"In addition, we have made lots of contacts and obtained a lot of marketing information from the comments of people who have tried the products. ANUGA is particularly good for specialty products like ours," said Miller.

High Level of Media Coverage

As Miller found out, ANUGA is a good place to introduce an item for the first time in the European market, as the high level of media coverage and buyer attendance make the chance of "getting noticed" quite high.

Tom Kneeland of Charlevoix, Mich., was introducing his Tom's Mom's Cookies—homemade chocolate chunk cookies—to the European market. Although stores baking large cookies, similar to his, are a common feature at most U.S. shopping malls, the idea of large chocolate chip cookies was new to the European market.

Asked why he had come to ANUGA, Kneeland replied "I'm a dreamer. I knew they didn't have our product over here. I heard about exporting opportunities through the Michigan Department of Agriculture. I came with hopes and the reaction has been greater than I expected. I've talked with buyers from France, the United Kingdom, Germany, Italy and Greece."

Kneeland overcame several obstacles in his first attempt at exporting, the main one being baking the cookies. The ovens he was using were uneven; the mixer was completely different than the ones he uses in his stores in Michigan; and he was using different types of sugar and chocolate than he usually did. Despite that, Kneeland's cookies were extremely popular with all those who sampled them.

A Good Place To Gather Information

Kneeland was enthusiastic about the ANUGA exhibit and his first attempt in the overseas market. He discovered that trade shows can be a great place to gather marketing information.

For example, through buyer reaction, he found out that, among other things, the cookies were too big for European consumer tastes. Kneeland was more than willing to make the modifications necessary for the European market. "It's going to be a challenge," said Kneeland, "but I feel we're on the beginning of a new craze."

While a trade show like ANUGA is good for products that are new to the European market, such as Miller's and Kneeland's, it is also beneficial for a basic item like an apple.

Robert Turner with the Washington Apple Commission was at ANUGA promoting Delicious apples. "Our presence at ANUGA is for the international exposure," said Turner.

One of the problems the Commission faces in its promotion of Delicious apples is product identification. "At the retail level," said Turner, "there is little problem with identification, as boxes are labeled. But at the consumer level, our apples are hard to identify if point-of-sale material is not used."

Turner was at ANUGA promoting the apples to both consumers and the trade. "I've issued invitations to the various buyers I've met here from Saudia Arabia, Dubai, Belgium,

Sweden and Yugoslavia, for example, to visit us back in Washington and to do business," said Turner.

He said the weaker dollar against major currencies would really help Washington apple sales in Europe. "We've had more interest in the past few weeks than we had all last year," said Turner. And so ANUGA gave him an opportune vehicle to give the apples exposure.

Wilhelm Kosnopfl, president of Popcorn Specialties International, Inc., has been selling popcorn in the German market for five years. "ANUGA is absolutely fantastic for me," said Kosnopfl. "I meet all my customers here at once. I used to do a lot of traveling, but now I mostly work through shows like this."

Exhibiting Shows Commitment

Several exporters felt that participation in big trade exhibits, such as ANUGA, is a way of demonstrating to the trade that a company is serious about exporting.

For example, John Kauke, export manager for Cornnuts Inc. of Oakland, Ca., made contact at ANUGA with a French importer and distributor he had met a year earlier at SIAL, the French equivalent of the ANUGA exhibit. "This fellow didn't buy then," said Kauke, "but he came to ANUGA this week specifically to see me and my product. ANUGA demonstrates our commitment to seeking overseas markets."

"We can translate the contacts made here into actual sales," said Kauke. "For companies operating with a limited budget, an exhibit like ANUGA allows us to be more aggressive. We can make high-quality, face-to-face contacts in just a short time."

The traffic of buyers and consumers was so high at this year's ANUGA that Kauke had barely time to grab lunch during the six days he spent handing out samples of toasted corn snacks in a variety of flavors. He talked with buyers from France, Italy, Scandinavia, Greece, the Gulf States, Japan, Indonesia and India.

Followup Is Also Important

When he returns home, Kauke said his work would just be beginning. "The followup is at least as important as the initial contacts," said Kauke. "Customers must be convinced that we're serious." Kauke said that his followup routine would include letters, trial shipments and visits where appropriate.

While many of the companies at ANUGA are relatively small ones who could not otherwise afford to take part in an international exhibit, many large firms also use trade shows such as ANUGA either to maintain a presence or to introduce a new item or product line.

One such exhibitor was Jim King with A.E. Staley, Decatur, Ill. Although Staley is a large company, King was at ANUGA representing the company's protein division, which is small but growing. In particular, King was promoting Staley's soy protein concentrates for use in soups, meatless meals and sauces. Other products from the protein division included confectionery products (whipping agents), instant tofu and corn bran.

One item that was getting a lot of interest was the new textured soy protein concentrate, chunk-type products with meat-like texture when hydrated. King said he was pleased with the amount of interest his presence at ANUGA was creating.

"My colleagues (his distributors) are very impressed with the amount of interest being generated here for our products," said King. Even the competition was coming over to talk to him.

Although ANUGA 1985 ended just a few months ago, it is not too soon to start planning for ANUGA 1987 (October 10-15). In fact, Hilton Settle advises U.S. exporters interested in participating to start contacting the Export Programs Division of the Foreign Agricultural Service (202-447-4327) beginning in the fall of 1986.

This division can also be contacted for information about participation in SIAL, the international food exhibit held every two years in Paris, which will be held October 20-24, 1986. ■

The author is with the Information Division, FAS. Tel. (202) 382-9442.

Cooperators in Germany Are Making U.S. Products Famous

By Lynn K. Goldsbrough

There are now 38 market development cooperators working in the German market to promote the sale of U.S. commodities that range from such edibles as beef, raisins and pecans to bulk items such as feed grains and soybeans.

These cooperators are associations of agricultural producers or regional trade groups that work with the Foreign Agricultural Service (FAS) in carrying out generic promotional activities. FAS shares the funding for the approved activities conducted by the cooperators.

These projects range from in-store and restaurant promotions for U.S. beef to developing pamphlets for farmers on the advantages of using U.S. soybean meal in cattle rations.

The focus of the cooperator projects is as varied as the activities carried out. For soybean meal, for example, activities are targeted at the German agricultural extension service, livestock producers and breeder associations. Other cooperators focus on importers and the trade. Still others work to make German consumers familiar with high-value products such as nuts and soy protein products.

Several cooperator organizations have headquarters in Hamburg. All except the one for soybeans are located in the U.S. agricultural trade office there.

According to Hilton Settle, U.S. agricultural trade officer in Hamburg, cooperators located in the same office as the agricultural trade office have many advantages. These include lowered costs for office overhead, as cooperators share facilities and even the copying machine.

In addition, cooperators can use the trade office conference room for seminars, product demonstrations and receptions. It is also beneficial for trade contacts who want to meet with several cooperators. In short, it is a one-stop shopping center for U.S. agricultural products. Cooperators in the Hamburg trade office also share news on trade developments and the growing maze of government regulations.

U.S. Meat Export Federation

Since the U.S. Meat Export Federation (MEF) opened its doors in the Hamburg agricultural trade office in 1980, promotion has been nonstop for U.S. meats, including beef, pork and variety meats.

According to Willem Zerk, director of European operations for the MEF, projects in the German market include:

- Point-of-sale activities and materials in retail stores and restaurants;
- Advertising and public relations activities aimed at consumers and the trade;
- Seminars for the trade describing the varieties of U.S. meats available and their advantages;
- Trade and consumer fair participation;
- Trade servicing, or as Zerk says, "getting the right people together (producers, exporters and potential buyers)."
- Helping importers of U.S. meat sell their products through finding the right outlets; and
- Organizing product demonstrations at the restaurant and retail level that show how to cut, cook and present U.S. meats.

Zerk said that the biggest obstacles he has in promoting U.S. meats in the German market are price and the lack of consumer awareness.

U.S. meat is more expensive than other meats. "But there's no way to buy a Mercedes at a VW price," said Zerk. U.S. meats are a high-quality product and the MEF's efforts are targeted at explaining the difference to consumers and the trade, many of whom are unfamiliar with the U.S. product.

The MEF's efforts are clearly paying off. Not just in Germany, but throughout Europe, the MEF office is known as source of information on the market, the technical aspects of U.S. meats and its lists of producers.

"Most people in Europe with a question on U.S. meat can call this office," said Zerk, who hears daily from retailers, importers, chefs and schools.

"Contacts and information are the most important aspects of this job," said Zerk. "We maintain excellent contacts; it's unbelievable how many people know us."

Through this increased visibility and awareness Zerk said he has been able to motivate more people to buy U.S. meat. The MEF also has been able to expand the products it promotes.

For example, the MEF started promoting pork in the German market two years ago. Trial samples of pork tenderloins were sent out to the premium market. As a result, the MEF has been getting "a nice share of the pork tenderloin market," according to Zerk.

USA Poultry and Egg Export Council

Promotions for U.S. poultry and egg products began in Germany in the 1950s, according to Uwe Schmoock, area director for the USA Poultry and Egg Export Council. At that time, the cooperator was called the Poultry and Egg Institute of America.

The market has changed a lot since those days, becoming more restrictive and increasing competitive. The Council's activities remain targeted at consumers and the trade, primarily through advertising, joint activities with the German retail trade, promotions in supermarkets and retail stores and a recipe service conducted by a public relations agency.

The Poultry and Egg Council conducts seminars with chefs, large canteens, restaurants and other sectors of the institutional trade. The Council participates in regional trade fairs for caterers, hotels and restaurants, as well as conducts its own trade advertising promoting U.S. poultry.

Schmoock said that over the years, obstacles to importing U.S. poultry and poultry products have increased in the German market as a result of the European Community's (EC) non-tariff trade barriers, which have led to uncertainty among U.S. exporters and German importers and a dropoff in business.

Schmoock said the number of U.S. slaughtering plants approved for export is shrinking due to increased EC requirements. These complications hinder U.S. plants from applying for certification.

The Council also works in getting the U.S. industry to adapt to what is necessary for exporting. This is difficult, says Schmoock, because the EC keeps changing the rules and putting more obstacles in the way of the U.S. trade.

Despite all these difficulties, Schmoock said the tradition of cooperation between the Council's office and German importers helps the Council stay in the German market.

"Many importers started with the U.S. product many years ago," said Schmoock, "and still keep a corner for the U.S. trade. The solid trade relationships made over the years are the highlight of the accomplishments of this office."

Despite the problems of working in the German market, Schmoock does see some bright spots, particularly for further processed poultry products such as seasoned and spiced turkey products (nuggets, breasts and slabs).

"There also is a big demand for turkey ham, pastrami and salami here in Germany," said Schmoock, "but U.S. manufacturers must be willing to change ingredients to meet the strict German food laws and adapt to customer requirements. With its turkey parts and products, the United States can still dominate the market, but we also have to find new ways and new products to make us competitive."

American Plywood Association

Although the American Plywood Association (APA) has been working in Europe since the early 1960s, the cooperator has been located in the Hamburg trade office only since 1983. Since those early years, shipments of U.S. plywood have increased from only 10 cubic meters to 85,000.

The APA's focus in the European market is threefold: plywood for the wood construction market, concrete forming and transport packaging (crates), according to Herbert Oelmann, who represents the APA in Hamburg.

The transport packaging sector accounts for 90 percent of the volume of plywood exported to Germany, primarily for use in custom-made containers for the German export market (for automobile parts and industrial equipment).

Most of Oelmann's efforts are concentrated on giving seminars to the trade. For the timber frame market, for example, this involves seminars at carpentry and trade schools. For the transport packaging sector, Oelmann might give in-house seminars for the importing trade.

Other activities of the APA include participation at construction and packaging fairs to meet the trade and dealers, brochures and advertising in trade magazines and personal calls, or trade servicing, on a regular basis.

Oelmann says his biggest obstacle in promoting U.S. plywood for the construction industry is the code (most codes are different from those in the United States, e.g. different panel sizes).

Another obstacle is the European Community's duty-free quota on plywood imports. After the quota is reached, a 10.4-percent tariff is applied. The total quota is divided among EC-member states, and Oelmann hopes that new trade negotiations will lead to a larger quota. The current EC quota is 600,000 cubic meters, of which Germany has 94,000.

The APA's third obstacle is a lack of awareness with the U.S. product. Much of Oelmann's efforts are directed at breaking down this barrier. "I have succeeded to a certain point in having the German import trade trust me," said Oelmann.

"Also, I have been able to convey that the U.S. product is a quality-controlled product. The APA is becoming better known and through this, more dealers are willing to accept the APA as a good, useful source of technical help."

The APA is also working on finding new applications for plywood in order to gain a better share of the market. For example, the APA is introducing new packaging systems. One such item is a plywood box with a vinyl liner for handling tomato paste and similar food products, as well as chemicals.

American Soybean Association

The American Soybean Association's (ASA) Hamburg office recently celebrated its 25th anniversary. Since 1960, ASA has been promoting U.S. soybeans and soybean products in Germany, Denmark, Sweden, Norway, Finland, Austria and Switzerland.

By far the largest of these markets is Germany. Virtually all of the ASA's activities for soybean meal promotion in Germany are targeted at the farmer level—farmer associations, key livestock producers, breeder associations and, most importantly, the German extension service. ASA projects involve a variety of brochures as well as educational movies.

According to Dr. Karl W. Fangauf, director of ASA's North European office, ASA's focus in Germany is on feed dealers and the extension service, who work directly with the farmers. German farmers have a strong loyalty to soybean meal use in feed rations, a loyalty that transfers into demand generated by users to the supplier, instead of the other way around, which is typical in most other importing countries.

Despite competition from domestically produced rapeseed meal and legumes, Fangauf is confident of the position of U.S. soybean meal in the German market. "Even in critical years, soybean meal consumption did not drop off dramatically," said Fangauf. "It is a more secure market."

Part of that security, however, stems from constant attention to market development. "The real need for us (ASA) in the German market," said Fangauf, "is to maintain our market share. If we do not, it will drop drastically."

In addition to efforts for soybean meal promotion, ASA also works at the consumer level promoting soybean oil and soy protein foods. Fangauf feels that this latter area is one of increasing promise for larger U.S. soybean product exports. ASA is working with local companies to develop new soybean items and promote them to consumers. A soy oil margarine made from 100 percent soybean oil is one such product.

Looking to the future, Fangauf sees additional efforts needed in such areas as resolving food law problems and promoting soy foods to consumers and the institutional market. "But the biggest obstacle," he said, "is we have to make the market and come up with new food uses for our product." ■

Thirty-Eight Cooperators Are Working in the German Market

American Plywood Assn.
American Quarterhorse Assn.
American Soybean Assn.
Brown Swiss Cattle Breeders Assn.
California Pistachio Commission
California Raisin Advisory Board
California Table Grape Commission
Cotton Council International
Burley and Dark Leaf Tobacco Export Assn.
Eastern U.S. Agricultural Export Council
Emba Mink Breeders Assn.
Florida Dept. of Citrus
Holstein-Friesian Assn. of America
Livestock Exporters Assn.
Mid-America International Agri-Trade Council
Michigan Bean Industry
Mohair Council of America
Natl. Assn. of Animal Breeders
Natl. Assn. of State Departments of Agriculture
Natl. Cottonseed Products Assn.
Natl. Forest Products Assn.
Natl. Peanut Council
Natl. Pecan Marketing Council
Natl. Renderers Assn.
Natl. Sunflower Assn.
Oregon-Washington-California Pear Bureau
Rice Council for Market Development
Southern U.S. Trade Assn.
Tanners Council of America
Tobacco Associates
U.S. Feed Grains Council
U.S. Meat Export Federation
U.S. Wheat Associates
USA Dry Pea and Lentil Council
USA Poultry and Egg Export Council
Washington State Apple Commission
Western U.S. Agricultural Trade Assn.
Western Growers Assn.

The author is with the Information Division, FAS. Tel. (202) 382-9442.

German Retail Food Market Is Concentrated and Competitive

By Hilton P. Settle

The retail food market in West Germany is tough and competitive, not only because of the large variety of domestic and foreign products available, but also as a result of growing concentration and competition among retail chains in a stagnating market.

According to Glendinning & Lehning GmbH, a German firm, 200 organizations accounted for 94 percent of 1983 retail sales, which totaled 149.5 billion Deutsche Marks (DM), or approximately $60 billion. This was up from an estimated 90 percent in 1982. Twenty firms were responsible for 54 percent of 1984 retail sales, up 1 percent from the previous year.

Growing Competition Between Discount and Traditional

In addition to concentration of ownership, there is growing competition between discount and more traditional retail chains.

The discount outlets offer a "no frills" selection of a relatively small range of extremely competitively priced products. Their low prices can greatly influence the pricing policies and sales of competitors.

Discount retail food stores accounted for almost 19 percent of total German retail sales in 1984. Aldi, the largest discount chain and one of the biggest food retailing groups, accounted for more than half of these sales. Aldi has been the only discounter able to increase sales in each of its outlets while expanding at the same time.

According to a recent study by the research firm G&I-Forschungsgemeinschaft fuer Marketing in Nuernberg, 92 percent of all German households bought products from discount stores.

Discounters will probably continue to expand their outlets and product ranges. In some cases, their approach is being adopted by the three major department store chains, which also have fairly extensive food sections, demonstrating the differences between the U.S. and German retail markets.

However, other organizations have moved more toward the top-quality end of the spectrum, offering more atmosphere, more service and more expensive products.

In Hamburg, a well-known retail chain is operating two outlets, one right above the other in the same shopping mall. One store is set up like a U.S. supermarket with lower prices. The other is more traditional with more personnel and service counters for bread and bakery products, cheeses and meat. The chain is conducting tests to determine what customers prefer and which operation is more profitable.

As a result of growing competition and concentration, smaller outlets have been forced out of business, while the number of stores with retail areas greater than 400 square meters has increased.

According to the research firm A.C. Nielsen GmbH, there were 79,175 small retail outlets with less than 400 square meters at the beginning of 1982. Three years later, there were 13 percent fewer stores. Even though these smaller firms still accounted for 86 percent of all retail outlets at the beginning of 1985, their share of sales declined from 46 to 40 percent. ■

The author is the U.S. agricultural trade officer in Hamburg, West Germany.

Small Retail Stores Decline in Importance

Store Size	1982	1983	1984	1985	1982	1983	1984	1985
(Square meters)	Percent of total stores				Percent of market			
Over 5,000	0.4	0.4	0.5	0.5	10.5	11.0	11.3	11.8
1,500-5,000	1.1	1.2	1.3	1.4	11.5	11.4	12.2	12.8
800-1,500	1.6	1.7	1.8	2.3	9.2	9.3	9.7	11.4
440-800	4.1	4.4	4.6	4.8	15.3	15.5	15.7	14.8
Under 400	89.4	88.3	87.5	86.2	46.2	44.1	42.2	39.7
Discounters[1]	3.4	4.0	4.3	4.8	7.3	8.7	8.9	9.5

[1]Excluding the Aldi Group.
As of January 1 of each year.

Profile of the Top 10 West German Food Retailers

Aldi Group
Largest retailer operating as a discounter with limited food selections. The 900 outlets of Aldi North cover northern Germany and Berlin. Aldi South operates independently with about 800 stores in the southern half of the country. In addition, Aldi owns 24.9 percent of the Kaufhof department store chain, which has food sections.

Addresses: Aldi Einkauf GmbH & Co. OHG
Eckenbergstrasse 16
Postfach 13 01 10
D-4300 Essen-Kray
Phone: (0201) 5621
Telex: 8579905
Head food buyer (North): Mr. Hartelt.
Aldi Einkauf GmbH & Co. KG
Burgstrasse 37-39
Postfach 1 01 40
D-4330 Muelheim a. d. Ruhr
Phone: (0208) 44 311
Telex: 856713
Head food buyer (South): Mr. Thiemann.
Retail sales: DM 15.8 billion (1984).

Metro Group
Large wholesaler with 40 wholesale outlets and 23 retail stores over 1,000 square meters each.

Address: Metro-Gruppe
Schlueterstrasse 3
Postfach 23 01 40
D-4000 Duesseldorf 23
Phone: (0211) 68751
Telex: 85 86 656 and 85 86 593
Head food buyer: Mr. Karlheinz Dittmann (wholesale); Mr. Rogg (retail outlets)
Retail sales: DM 10.7 billion (1983).

Tengelmann Group
Operates, under different names, 112 supermarkets over 1,000 square meters; 855 outlets with areas up to 1,000 square meters; and 1,579 discount Ostores. Owns A & P in the United States.

Address: Tengelmann-Gruppe, Wissollstrasse 5-43
D-4330 Muelheim/Ruhr
Phone: (0208) 5811
Telex: 856711
Retail sales: DM 9.1 billion (July 1983-June 1984).

Rewe-Leibbrand
Largest member of the Rewe organization. Operates, under different names, five wholesale outlets; 397 large supermarkets (over 1,000 square meters); 772 stores ranging from 400 to 1,000 square meters in size; and 837 discount stores. Also cooperates with the Asko Deutsche Kaufhaus AG, of which it owns 25 percent, and has a 12.5-percent share of the Schaper Group. Both are food retailers.

Address: Rewe Handelsgesellschaft Leibbrand oHG
Louisenstrasse 115
D-6380 Bad Homburg
Phone: (06172) 1230
Telex: 410690
Head food buyer: Mr. Gaubatz. (Mr. Pust is head food buyer for the 32 large "TOOM" supermarkets.)
Retail sales: DM 9.8 billion (1984).

COOP AG
Part of the large COOP organization. Operates, under different names, 347 large supermarkets over 1,000 square meters in size; 1,396 smaller stores; and 145 discount stores.

Address: COOP Aktiengesellshaft, Hahnstrasse 72
Postfach 71 02 29 D-6000 Frankfurt/Main 71
Phone: (069) 66831
Telex: 4189 348
Retail Sales: DM 8.4 billion (1984).

Schaper Group
Operates, under different names, 12 wholesale outlets; 44 large supermarkets over 1,000 square meters; 22 smaller supermarkets; and 70 discount stores.

Address: Adolf Schaper Zentralverwaltung
Davenstedter Strasse 80
Postfach 91 10 65
D-3000 Hannover 91 (Linden)
Phone: (0511) 21450
Telex: 923959
Retail Sales: DM 3.6 billion (October 1983-September 1984).

Massa
Operates 27 large supermarkets, earning approximately 54 percent of their turnover from nonfood items.
Address: Alfred Massa GmbH
Friedrichstrasse 12-15
D-6508 Alzey
Phone: (06731) 391
Telex: 42404
Retail Sales: DM 3.0 billion (1984).

Allkauf
Part of the large Gedelfi organization. Operates two wholesale centers and 39 large supermarkets.

Address: Allkauf Verwaltungsgesellschaft GmbH & Co. OHG
Reyerhuette 51
Postfach 111
D-4050 Moenchengladbach 1
Phone: (02161) 4030
Telex: 852 416
Head food buyer: Mr. Martens.
Retail sales: DM 2.9 billion (1983).

Deutsche SB-Kauf
Member of the Gedelag and S & T organizations. Operates seven wholesale centers and 23 large supermarkets.

Address: Deutsche SB-Kauf AG, Friedrich-Ebert-Strasse 14
Postfach 60 05 13
D-4630 Bochum 6 (Wattenscheid)
Phone: (02327) 8050
Telex: 820 491
Head food buyer: Mr. Peter Becker.
Retail sales: DM 2.2 billion (1984).

Deutscher Supermarkt
Operates, under different names, 360 supermarkets 400-1,000 square meters in size.

Address: Deutscher Supermarkt Handels GmbH
Gerresheimer Landstrasse 75
D-4000 Duesseldorf 12
Phone: (0211) 20 010
Telex: 85 86 727
Head food buyer: Mr. Bruno Plahr.
Retail sales: DM 1.9 billion (1984).

Source: G & L Vertriebslinien - Die Absatzkanaele im Lebensmittelhandel 1985/86, Glendinning & Lehning GmbH. Partly estimates, without sales tax.

Changing the Image of U.S. Foods in Germany

By Freya Koehler and Hilton P. Settle

Hamburgers, soft drinks, french fries and ketchup are synonymous in West Germany with fast food. Unfortunately, many Germans think these are the only foods the United States has to offer. Most Germans are unaware of the great variety of high-quality foods the United States produces and consumes.

To some extent, this perception is shaped by the media, which concentrate on relatively restricted segments of U.S. cuisine, such as fast food outlets. As a result, it is more difficult for U.S. food and beverage products to be marketed in West Germany.

A Need To Change the U.S. Image

Clearly there is a need to change the German perception of U.S. foods. To do this, representatives of the Foreign Agricultural Service (FAS) in Germany worked for more than a year on a new campaign to promote the high quality and wide variety of U.S. foods available.

Because of the wide media and trade exposure that foods receive at ANUGA, the biennial food trade exhibit held in Cologne, FAS used ANUGA '85 (October 12-17) as the launching pad for the new campaign.

"Eat and Drink American"

In addition to the current logo, "USA Quality Foods," a second one was developed—"Eat and Drink American/50 Culinary Stars of a Great Country." This new image was seen throughout the U.S. exhibit at ANUGA, emphasizing the culinary aspects and the wide variety of high-quality foods the United States has to offer.

To create greater interest in and awareness of the many high-quality food products the United States has to offer, a major advertising and information campaign preceded ANUGA.

This effort included preparing special advertising and editorial sections in five of the leading West German trade publications, most of which were issued just before the opening of ANUGA and invited buyers to stop by the U.S. pavilion and talk with exhibitors.

Judging by the reaction of U.S. exhibitors, as well as that of the press and foreign trade, the premiere was successful. However, it was just the first step of a long-term strategy to increase sales of U.S. food and beverage products in the German market.

Efforts in the future will be intensified to reach consumers through advertising, retail and restaurant promotions and press articles.

The idea of creating greater awareness of the variety and quality of U.S. foods stemmed from earlier successful efforts in Germany to promote U.S. raisins. Through consumer advertising and press materials, such as pamphlets and recipe brochures, a new image was created for U.S. raisins in Germany.

As a result, shipments of U.S. raisins to Germany doubled in 1984 and were expected to double again in 1985.

Campaign Coincides With New Emphasis

The new promotional campaign for U.S. foods coincides with increased emphasis in Germany on eating healthy, light and gourmet-type foods.

This new emphasis is altering former German eating habits, which were primarily concerned with quantity instead of quality.

The culinary turnaround in Germany was encouraged by numerous articles and stories in the German media. It also parallels what is occurring in the United States, where there is increased interest in gourmet cooking featuring the best ingredients of various regions of the United States.

U.S. Must Project a Quality Image

To be successful in the German market, potential U.S. suppliers must convince the German trade and consumers of the quality of U.S. products. Italy, France and Hungary, for example, have supported efforts in this area for many years through targeted marketing and image promotion.

The United States is also coming to realize the importance of such promotional efforts. The German market is too competitive and too lucrative for anything less. ■

Koehler is part-owner of Komplett-Buero, Agentur fuer Kommunikation GmbH, Munich. Settle is the U.S. agricultural trade officer in Hamburg.

German Agriculture: Living on a Few Acres

By Randy Zeitner

West Germany is an important customer for U.S. farm goods, taking over $1.74 billion in 1984. But this densely populated, highly industrialized country also has made great strides in food production and now produces about 80 percent of its total food requirements.

Today, thanks to rapid advances in technology, one German farmer can feed 62 people—up from 10 in 1950 and 32 in 1970.

By U.S. standards, German farms are quite small. The average farm is about 40 acres—often in irregularly shaped plots—handed down through generations under the the custom of "Gavelkind". Under this custom, land is divided equally among the children of deceased landowners.

Land consolidation schemes have increased the average farm size about 21 percent over the past decade, but there are still only about 35,000 farms of more than 125 acres.

Intensive Land Use Boosts Yields

German farmers attempt to offset the disadvantages of small operations by intensive land use, and productivity is high. The average yield for the 1984 crop was about 94 bushels per acre for winter wheat and 105 bushels per acre for winter barley.

About 70 percent of cash receipts from farm marketings are in the form of animal products, with the remaining share in the form of crops.

Milk accounts for the largest share (26 percent), followed by pork at 20 percent, beef at 18 percent, grain at 10 percent, and poultry and eggs at 5 percent.

High Degree of Support for Farm Policy

German agricultural policy is designed to generate stable prices and guarantee a constant supply of food. In general, Germans are satisfied with this policy since it plays an important role in allaying fears of food shortages and inflation—two fears that, although declining, still exist in West Germany.

Farm prices are stable and food prices continue to increase less than other prices. Even with dietary improvements, the percent of income spent on food continues to decline.

Government Involvement Is Widespread

Many of Germany's social and economic goals are encompassed in its agricultural policy. Objectives are set and decisions are made on three levels: (1) the international or European Community (EC) level with its Common Agricultural Policy; (2) the federal level, and (3) the state or "laender" level.

The Common Agricultural Policy's major goals are to increase agricultural productivity, to improve farm incomes, to stabilize markets and to ensure regular supplies to consumers at reasonable prices.

These objectives also have been supplemented with various federal and "laender" goals. Since the Common Agricultural Policy is responsible for market and price policies, foreign trade and, to a certain extent, agricultural structural policy, the main field left to national agricultural policy is rural social welfare.

Broadly defined, rural social welfare includes elements of old age assistance and health insurance, nutrition policy, structural policy, conservation and environmental policy. The individual states implement the policy decisions made at the Community and federal level.

Stringent Food Laws

The aim of the federal government's nutrition policy is to ensure adequate quantity, quality and variety of food supplies for the population at fair prices. To carry out this mission, West Germany has some of the most stringent food laws in the world, and it rigorously enforces them.

Among other things, Germans do not allow the domestic use of growth hormones in animals, and they are pushing to have them banned within the European Community. Besides citing health risks, they also place some of the blame for the EC's beef surplus on the use of hormones in animal production.

The Germans also continue to enforce their famous beer purity law of 1516, the so-called "Reinheitsgebot." According to the purity law, only four ingredients may be used to produce beer: barley, hops, water and yeast.

The production of sausages, or "wurst", also is subject to numerous restrictions. In general, only animal products can be used to produce sausages, and cereal fillers or vegetable protein extenders generally are not allowed in the product.

Environmental Laws and the Farm Sector

Environmental policy and conservation in the agricultural sector fall under the responsibility of the Federal Ministry of Food, Agriculture and Forestry.

The Germans increasingly are aware that intensive agriculture contributes to pollution. This is especially true with respect to nitrate pollution of groundwater supplies, which recently has caused much public concern.

This concern has led some to a call for more restrictions on the use of fertilizers and other chemicals. In their view, this would lead to a cleaner environment, and, at the same time, would help curb surplus production.

West Germany and the European Community

Because of EC budget problems and trade frictions caused by subsidizing surpluses onto the world market, most organizations, including the German Farmers Association, think some changes in the EC's Common Agricultural Policy are necessary.

Minister of Agriculture Ignaz Kiechle, for example, has made it clear that he is not willing to accept any price decreases in which the German farmer is not fully compensated in some manner.

Rejecting the price reduction method of reducing surpluses, the Germans have proposed an array of measures. They suggest increasing production of alternative crops like legumes and feed beans to reduce grain surpluses and to replace a portion of the protein feeds currently imported.

They would like to see production incentives targeted more to growing higher quality wheat rather than higher yielding feed wheats. They also call for the use of more cereals as raw materials in ethanol and starch production.

Because these proposals would place additional strains on an already financially burdened system, it seems likely that West Germany will be at odds with other EC countries as debate on agricultural policy continues. ■

The author is the U.S. agricultural attache in Bonn, West Germany.

Fast Foods in Germany: A Booming Market

By Christel Wagner

New trends in lifestyles and eating habits among West Germans are opening the market for fast food outlets throughout Germany.

Traditionally, Germans have enjoyed their large meal at noon, when children came home from school and the whole family was together. However, today's lifestyle dictates a change in this tradition.

More people are working farther away from home and more women are working. This has reduced the likelihood of having a large midday meal at home. As in the United States, the demand for eating places where one can get a quick full meal is on the rise.

Diverse Fast Food Sector

West Germany's fast food scene is both diverse and booming. Offerings range from snack bars selling various kinds of grilled sausages, hot dogs and french fries to hamburger places, self-service restaurants and relatively expensive fast luncheon spots.

The hamburger dominates German fast food sales, just as it does in the United States. In 1984, the 30 largest West German fast food organizations reported sales of $1.58 billion. McDonald's is the market leader, with 207 outlets and sales of $224 million in 1984. McDonald's outlets in Germany outnumber those in France. Burger King holds a rank of 18 in the German fast food market.

The second largest chain is Wienerwald. This German group, which sells grilled chicken, has 279 outlets and sales in 1984 of $108 million.

Nordsee Deutsche Hochseefischerei is the third largest German fast food chain, specializing in fish and seafood. Its 298 restaurants and snack bars had a turnover in 1984 of $82 million.

Italian Food Also Popular

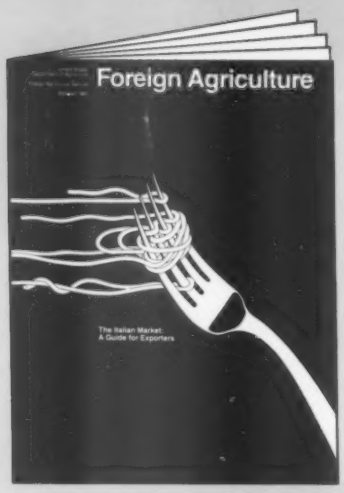
Although Italian food is quite popular among Germans, no such chain has been opened in West Germany. Pizza and pasta are served only by privately owned restaurants, often operated by Italian families.

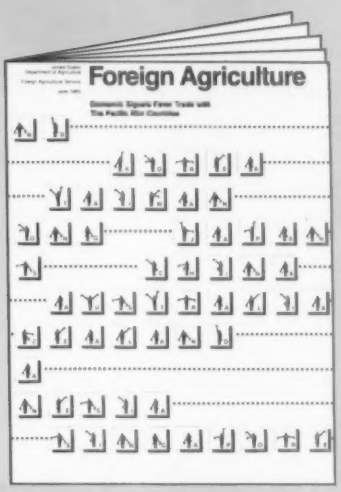
It was only in the fall of 1985 that Pizza Hut, the U.S. chain, was opened in Germany, a joint venture between PepsiCo, USA, and the German Tengelmann food store chain.

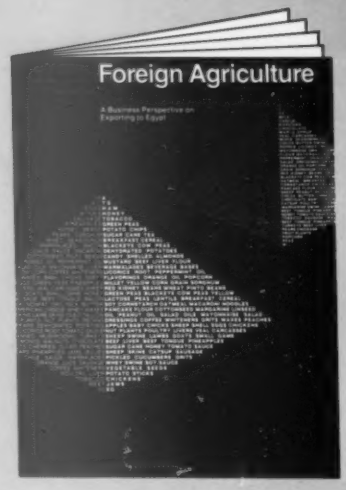
Mexican American foods, still relatively unknown in Germany, have potential for the future, once Germans become familiar with what the food is and how to eat it.

The potential for all kinds of fast food in West Germany appears to be very good. Hamburgers, steaks and specialty foods should continue to be quite popular. ■

The author is with the U.S. agricultural trade office in Hamburg, West Germany.







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